

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON STATE ADMINISTRATION

Call to Order: By **CHAIRMAN ALLAN WALTERS**, on March 27, 2001 at 8:00 A.M., in Room 455 Capitol.

ROLL CALL

Members Present:

Rep. Allan Walters, Chairman (R)
Rep. Debby Barrett, Vice Chairman (R)
Rep. Tom Dell, Vice Chairman (D)
Rep. Norma Bixby (D)
Rep. Dee Brown (R)
Rep. Donald L. Hedges (R)
Rep. Hal Jacobson (D)
Rep. Larry Jent (D)
Rep. Michelle Lee (D)
Rep. Larry Lehman (R)
Rep. Ralph Lenhart (D)
Rep. Gay Ann Masolo (R)
Rep. Douglas Mood (R)
Rep. Alan Olson (R)
Rep. Holly Raser (D)
Rep. Rick Ripley (R)
Rep. Clarice Schrumpf (R)
Rep. Frank Smith (D)

Members Excused: None.

Members Absent: None.

Staff Present: Sheri Heffelfinger, Legislative Branch
Robyn Lund, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HJR 38, 4/9/2001; SB 210,
4/9/2001; SB 433, 4/9/2001
Executive Action: HJR 38, SB 396, SB 433, SB
397, SB 210

HEARING ON HJR 38

Sponsor: REPRESENTATIVE BUTCH WADDILL, HD 62

Proponents: Jim Jacobsen, Montana Veterans' Affairs
Hal Manson, American Legion
Larry Longfellow, Veterans of Foreign Wars
Earl Vermellian, Disabled American Veterans
Mike Hankins, Vietnam Veterans of America, Marine
Corp League
Jerry La Fountain, Purple Heart Chapter
Ernest La Fountain, VVA

Opponents: None

Opening Statement by Sponsor:

REPRESENTATIVE BUTCH WADDILL, HD 62, stated that this is a simple resolution. It recognizes the sacrifices made by all Montanans who have served, or are serving, in our armed forces. It supports the erection of a Montana Purple Heart Memorial in Billings, which will commemorate those Montanans who have suffered wounds, or even death, in defense of our nation. He feels that it is important to realize that although many have been rightfully recognized by being awarded the Purple Heart, there are many, many more who serve our nation, many of those losing their lives or suffering other wounds. This resolution is a small way of saying thank you. EXHIBIT(sth69a01)
EXHIBIT(sth69a02)

Proponents' Testimony:

Jim Jacobsen, Montana Veterans' Affairs, said that the Purple Heart veterans of Montana are a very select group of individuals who have suffered a combat injury. They deserve recognition.

Hal Manson, American Legion, stated that a great number of the American Legion are recipients of the Purple Heart. These are people who have given quite a bit for their country, some being wounded more than once. He believes that it would be suitable to erect this memorial at this time.

Larry Longfellow, Veterans of Foreign Wars, supports this resolution.

Earl Vermellian, Disabled American Veterans, stands in support of this resolution and the establishment of the memorial in Billings.

Mike Hankins, Vietnam Veterans of America, Marine Corp League, has received two Purple Hearts. Those who have served and came back less than they were when they went have never asked for much from our country. This memorial would be a welcome tribute and recognition of what they gave for this nation.

Jerry La Fountain, Purple Heart Chapter, Billings, is representing the group putting this together. The reason he is here is because there are roughly 300 Killed In Actions in Montana. It costs almost \$21 per name on this memorial and they have no one to pay for that. They propose to approach the Washington Foundation, the Coors Foundation, and some other funding foundation to make up for the \$38,000 that they currently owe. They have been told that, lacking legislation in support, the application goes to the bottom of the pile. They can't have that because they are going to dedicate this on Veterans Day. He pointed out that this memorial is the only one like it anywhere. No state has ever undertaken to honor all of their combat wounded veterans.

Ernest La Fountain, VVA, said that his organization is in total support of this. This is going to be a first in the United States; we will be the first state to honor all of our state Purple Heart recipients.

Questions from Committee Members and Responses:

REPRESENTATIVE DEE BROWN asked why Billings was chosen as the site. **Jerry La Fountain** said that they hauled the statue all over the state as a fund raiser and for a while it ended up at Rose Park in Missoula. However, they felt that it was too hard to find and, considering the significance of this memorial, that was a problem. Billings seems to be the hub in the state of Montana. They want the monument to be easy to find and for a lot of people to see it.

Closing by Sponsor:

REP. WADDILL said that we enjoy our peace, but as we get farther away from political conflicts we seem to forget the sacrifices that people have made. This memorial recognizes those and brings to mind those sacrifices. Funding is not an issue because it is not to be funded by the state in any way.

EXECUTIVE ACTION ON HJ 38

Motion/Vote: REP. BROWN moved that HJ 38 DO PASS. Motion carried unanimously.

HEARING ON SB 433

Sponsor: SENATOR JIM ELLIOT, SD 36

Proponents: Dale Williams, Flat Head County Commissioner,
Montana Coalition of Forest Counties
Gary Fjehtod, MACO, Rose Bud County Commission
Linda Stoll, Missoula County
Gordon Morrison, Association of Counties
Connie Eisinger, McCone County Commissioner, MACO

Opponents: None

Opening Statement by Sponsor:

SENATOR JIM ELLIOT, SD 36, said that this is a committee bill from the Senate State Administration Committee. It will allow the counties to accept a new form of federal payments. Forest counties currently get 25% of what the Forest Service receives to use for roads and schools, 66% of that goes to roads and the rest for schools. Public Law 106-393 represents an additional \$7 million that is available to counties. This has been a moving target because the Forest Service has taken a little while to decide how they want to administer these monies and distribute them. There is an amendment to ensure that this bill goes forward. The amendment was developed on a conference call with the Forest Service in Washington D.C. to iron out whatever differences they had. The bill allows counties to choose between the Forest Reserve Funds, which is the 25% funds, or the PL 106-393 funds, which is referred to as the full payment or the safety net. Under the PL 106-393, counties who choose that are allowed to devote a portion of that money, 15 to 20%, to public projects other than schools and roads. There are two types of projects. Title 2 projects shall be in road maintenance, road construction or restoration of streams and water sheds. That will be through the United States Forest Service. Those monies must benefit Forest Service property. The other option is Title 3. Those are projects that include community service work camps, easement purchases, forest-related education, fire prevention, county planning community forestry, and search and rescue.

Proponents' Testimony:

{Tape : 1; Side : A; Approx. Time Counter : 22.7}

Dale Williams, Flat Head County Commissioner, Montana Coalition of Forest Counties, stated that this will take a dismal payment from the 25% funds and offer a steady and level appropriation to counties. If every county exercises full payment options in Montana, the receipts would go from \$7 million to roughly \$13.5 million. This would be a boom to counties and rural schools. They had expressed opposition at the Senate hearing that this was a moving target and a work in progress. Federal policies have changed week to week as they have attempted to massage forest policies into acceptable and normal regulations that everybody would be comfortable with. They have accomplished that. They will now support this bill with the amendments that they have worked on and were presented by Senator Elliot.

Gary Fjehtod, MACO, Rose Bud County Commission, thinks that the counties come together on this legislation. They have worked to make sure that all the concerns were met. They would urge for committee support.

Linda Stoll, Missoula County, supports this bill with the amendments.

Gordon Morrison, Association of Counties, also supports this bill as amended.

Connie Eisinger, McCone County Commissioner, MACO, said that this is a very important bill for forest counties.

Questions from Committee Members and Responses:

{Tape : 1; Side : B; Approx. Time Counter : 0}

REPRESENTATIVE DEE BROWN asked for more information about the increase in money. Where is the money going to go? **Mr. Williams** said that the federal appropriation is for a tremendous increase across the US because rural counties, that rely on timber receipt funds, have taken a beating over the past eight years, federally recognizing that the safety net payment was placed into the federal law. The funds will proportionately be distributed among the counties according to the percentages that the old Forest Service receipts monies were distributed under. Parts of that money is going to be set aside in Title 2 and Title 3 projects. Title 2 requires the Forest Service and the counties to come together in agreement in working on projects that maybe shelved by the Forest Service due to lack of funds or other areas that county commissioners deem appropriate. Title 2 projects are initiated by the Forest Service and could deal with things such

as the urban interface. Title 3 funds are totally controlled by county commissioners. They can go into a number of projects, such as search and rescue. **REP. BROWN** asked what kind of an increase will be seen going to schools. **Mr. Williams** said that with respect to Title 2 and Title 3, 15 to 20% of the funds will be exercised on those projects. Of the remaining money, 1/3 will go to schools and 2/3 will go to roads. This is the proportion required by federal law.

REPRESENTATIVE TOM DELL asked Ms. Stoll if she had helped with the amendments. **Ms. Stoll** replied that she had. **REP. DELL** asked, on the second amendment, sub 1, has a formula been determined or will each county get the same amount? **Ms. Stoll** said that it was her understanding that the counties need to make some decisions about which option they are going to participate in and then they relay that information to the Governor. It may not be the case that all counties choose the same option. **REP. DELL** clarified that the counties want that flexibility. **Ms. Stoll** replied that she wants the amendments exactly as they are written.

REPRESENTATIVE ALAN OLSON asked what is the money involved with Public Law 106-393; where does it come from? **Mr. Williams** said that under Forest Reserve funds, those funds come from the net receipts of the national forest. Under Title 2 and Title 3 projects, the monies come from the net receipts, but any shortfall is made up of unappropriated funds out of the US Treasury. It is statutorily written in federal law at this time. **REP. OLSON** said that in Title 2 discussion there was mention that those programs are generally initiated by the Forest Service. Will counties be taking over Forest Service duties as far as maintaining roads? **Mr. Williams** doesn't think that is the case. There are circumstances where you have road sloughs that need to be repaired that aren't getting repaired as fast as they should. There are also projects that are active, but may be shelved, these are the types of things that the counties will be looking at. They are also looking at projects that are related to the urban interface. The intent of this bill is to assist in creating jobs. **REP. OLSON** clarified that the urban interface issues would be handled under Title 2. **Mr. Williams** thought that they could be handled under either. They are going to try to make the most bang out of their bucks and possibly couple some projects to make them more efficient. **REP. OLSON** said that this isn't a secured, on-going funding mechanism, this may end after six years. **Mr. Williams** said that it is incumbent on county commissioners to recognize that fact and be more willing and open to working with the Forest Service to help the funding continue after the six years.

REP. BROWN asked if the funding is going to have an automatic inflation trigger or will it remain static over the six years. **Mr. Williams** said that one of the problems they have had with the reserve money is that CPI index doesn't come into play as much with decreasing revenues. They were able to add a CPI index so that, if a county exercises a full payment option, each year the counties will also receive a CPI index payment in excess of the amount that they have.

Closing by Sponsor:

{Tape : 1; Side : B; Approx. Time Counter : 15.2}

SENATOR ELLIOT said that this is an important bill for the counties in Montana.

REP. CARNEY will carry the bill.

EXECUTIVE ACTION ON SB 433

Motion: **REP. MASOLO** moved that **SB 433 BE CONCURRED IN.**

Motion/Vote: **REP. OLSON** moved that **AMENDMENTS TO SB 433 BE ADOPTED.** Motion carried unanimously.

Motion/Vote: **REP. DELL** moved that **SB 433 BE CONCURRED IN AS AMENDED.** Motion carried unanimously.

HEARING ON SB 210

Sponsor: **SENATOR MIGNON WATERMAN, SD 26**

Proponents: **Sheila Cozzie, Lewis and Clark County**
Tom Schneider, Montana Public Employees Association

Opponents: **Mike O'Connor, PERS**

Opening Statement by Sponsor:

SENATOR MIGNON WATERMAN, SD 26, brought this bill forward because of an inequity that is in the statutes, but more importantly because their county nursing home is struggling for survival. The law, as it reads today, says employees of county nursing homes in class 3, 4, 5, 6 and 7 are excluded from having to pay PERS retirement, but 1st and 2nd class counties are not. This affects two counties in the state of Montana, Lewis and Clark

county and Gallatin county. These employees are paid about \$6.77/hour. Of that, \$37 per pay period must go into the public employees retirement system under existing law. These are transitional or temporary jobs that generally last between one and three years, so these individuals are not going to vest under the current five-year vesting period. Those employees, if this bill passes, can choose to be part of the PERS system if they want, but it would no longer be required. This will allow the county to increase the hourly wage for nursing home employees and hopefully help lower the turnaround rate.

Proponents' Testimony:

{Tape : 1; Side : B; Approx. Time Counter : 24.8}

Sheila Cozzie, Lewis and Clark County, said that these employees have a very difficult jobs, yet the entry level pay is only \$6.77 per hour. They are competitive at that rate, but some employees find it financially difficult to come in and work for that when they are forced to divert 47 cents an hour to the retirement fund, thus reducing their take-home salary. This bill gives the employees a choice and assists the county in recruitment and retention of employees at the nursing home.

Tom Schneider, Montana Public Employees Association, said that they had supported this same legislation for 3rd through 7th class counties four years ago. There are 16 facilities in that group. There are only two facilities covered by this particular bill. The reason for this goes back to the closure of the Cascade county nursing home. When that nursing home privatized, they found out that they are not dealing with an issue that is either or. All they have to do is sell the nursing home and these people lose all their benefits and they lose all of their rights to PERS, so they end up with nothing other than what they have accrued in that system. County nursing homes have to compete with local medical facilities. They support this bill. It will provide a continuation of benefits for those people already in PERS without losing their retirement to privatization. It allows the option for new employees to join PERS.

Opponents' Testimony:

{Tape : 1; Side : B; Approx. Time Counter : 30.3}

Mike O'Connor, PERS, said that this bill expands optional membership. The board feels that it is important not to do this. It expands that optional membership to county rest homes and county hospitals. It does not exempt them from PERS. The state legislative interim committee adopted a policy last summer that

was to not encourage employees to opt out of state retirement systems. This is a policy decision. The board feels that it is not a good idea. They are concerned about the individuals that decide to stay with the county hospitals, but have decided not to join PERS. If they work a career at the county hospital, they have no retirement. Some employees will have gaps in the retirement that won't be evident until they retire.

Questions from Committee Members and Responses:

{Tape : 1; Side : B; Approx. Time Counter : 34.1}

REPRESENTATIVE FRANK SMITH clarified that we are talking about county rest homes. **Mr. O'Connor** said that was correct.

REP. SMITH said that most county employees belong to PERS.

Mr. O'Connor said that is correct. **REP. SMITH** said that the local program in his community has some employees that have been there for almost 20 years. If this is a county facility, wouldn't they qualify for PERS? **Mr. O'Connor** said that this allows the option for county employees to choose to be a part of PERS.

REPRESENTATIVE RALPH LENHART asked if this is primarily designed for two nursing homes. **SENATOR WATERMAN** said that it only affects two nursing homes because there are only two nursing homes in class 1 or class 2 counties. There are already 19 facilities are exempt from this.

REP. LENHART asked how many employees this will affect.

Ms. Cozzie said that there are approximately 90 employees in each of the rest homes.

REPRESENTATIVE TOM DELL asked how the employees who put money in, but don't get vested, get the money back. **Mr. O'Connor** said that there are a couple programs that will be available in the next year, to help the employee receive the funds back or roll them over into an IRA. **REP. DELL** clarified that the employee will get at least what they put in back, in terms of a rollover or something. **Mr. O'Connor** said that anything that they paid in they can get back.

REPRESENTATIVE GAY ANN MASOLO asked what has been done to help these workers this session. **SENATOR WATERMAN** said that there is legislation in HB 2 that uses an intergovernmental transfer, where the county will put out county dollars and give them to the state. The state will match them against Medicaid dollars and then they will reimburse the counties for some of that. The rest of that money will be used to give a 4 1/2% rate hike to nursing homes.

Closing by Sponsor:***{Tape : 1; Side : B; Approx. Time Counter : 42.4}***

SENATOR WATERMAN reiterated that there are only two nursing homes in the state who are not exempted from this. This will allow individuals who want to participate in the retirement system to do so. However, the truth is, for many of these employees, they are single, working parents, many coming off of some sort of state assistance. These are temporary jobs. She would love to think that the people we are talking about could make a career of health care, but the reality is that these \$6.77 per hour jobs are not careers. These people use this as an experience to move on to another job. These people need that money to pay for their bills and buy groceries. We need to help them out by passing this bill.

REP. MASOLO will carry this bill.

EXECUTIVE ACTION ON SB 396

Motion/Vote: **REP. WALTERS** moved to reconsider **SB 396**. Motion carried unanimously.

Motion: **REP. WALTERS** moved **TO STRIP THE AMENDMENT**.

Discussion:

Ms. Heffelfinger explained that there was a problem with the number of words in the previous amendment. There is a 25 word limit. By passing this motion you will strip that amendment off and then you can put the amendment back on as drafted.

REP. OLSON asked for clarification on the amendment.

Ms. Heffelfinger read the amendment.

Motion/Vote: **REP. WALTERS** moved **TO STRIP THE PREVIOUS AMENDMENT**. Motion carried unanimously.

Motion/Vote: **REP. WALTERS** moved that **AMENDMENT 39601 BE ADOPTED**. Motion carried unanimously.

Motion: **REP. WALTERS** moved that **SB 396 BE CONCURRED IN AS AMENDED**.

Discussion:

REP. RASER clarified that when this goes to the House floor it will take a 2/3 vote to pass. **Ms. Heffelfinger** said that it got 35 votes in the Senate, so it will need 64 in the House.

REP. LEHMAN called for the question.

Motion/Vote: **REP. WALTERS** moved that **SB 396 BE CONCURRED IN AS AMENDED**. Motion carried 12-6 with Bixby, Jacobson, Jent, Lee, Raser, and Schrumpf voting no.

EXECUTIVE ACTION ON SB 397

Motion/Vote: **REP. WALTERS** moved **TO RECONSIDER SB 397**. Motion carried 12-6 with Bixby, Jacobson, Jent, Lee, Raser, and Schrumpf voting no.

Motion/Vote: **REP. WALTERS** moved **TO STRIP THE AMENDMENTS**. Motion carried 12-6 with Bixby, Jacobson, Jent, Lee, Raser, and Schrumpf voting no.

Motion/Vote: **REP. WALTERS** moved that **SB 397 BE CONCURRED IN**. Motion carried 12-6 with Bixby, Jacobson, Jent, Lee, Raser, and Schrumpf voting no.

EXECUTIVE ACTION ON SB 210

Motion: **REP. MASOLO** moved that **SB 210 BE CONCURRED IN**.

Discussion:

REP. DEE BROWN recognizes that nursing homes around the state are having a problem. They aren't being paid well enough, there is competition, she thinks that we should allow them the option plan and allow them to take it with them whenever. It will be a benefit to them in the long run. She is going to vote against this bill.

REP. WALTERS likes the idea of giving people a choice, but he hopes that it is made plain to them that they are turning it down.

REP. BROWN said that she wondered if the facilities would close without this. She sees that this is a short fix.

REP. LENHART said that we should give them chance. He will support this.

REP. OLSON said that these are people that need that money. It should be optional.

REP. LEHMAN said that this may be a temporary fix, but if we do what we can and they still can't continue, then it becomes a local issue.

REP. DELL said that this isn't the first bill like this to come forth. This is a reactive bill, not a proactive bill. He understands that this is a serious problem, but it isn't going to be the thing that keeps them open or that closes them. It is bigger than this.

REP. SMITH said that the people need this money. Most of these workers have children at home and they need every penny that they can get. He will support this bill.

Motion/Vote: **REP. MASOLO** moved that **SB 210 BE CONCURRED IN.**
Motion carried 16-2 with Brown and Dell voting no.

ADJOURNMENT

Adjournment: 10:45 A.M.

REP. ALLAN WALTERS, Chairman

ROBYN LUND, Secretary

AW/RL

EXHIBIT (sth69aad)